

DEPARTMENT OF SOCIAL SERVICES

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February 13, 1981

ALL-COUNTY LETTER NO. 81- 12

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP CORRECTIVE ACTION PROCESS

The Food Stamp Program Management Branch has developed a corrective action process for use in implementing the Federal Performance Reporting System regulations in the Food Stamp Program. Decisions leading to the development of this process were shared with the CWDA Food Stamp Committee, whose members provided comments on individual policy and procedural issues involved. A description of this process is attached.

This corrective action process was designed in an effort to concentrate available resources (at both the state and county levels) on the reduction of the Food Stamp dollar error rate and the resolution of equity issues. The process will be applied to all problems identified by any source (e.g., Federal audits, ME reviews, State Quality Control, etc.).

The basic steps of this process are: (1) the prioritization of problems based on a prescribed rating scale; (2) a preliminary determination as to whether the problem is caused at the county, state or federal level; (3) an assessment of available resources and a determination of a "cut-off" point for the number of problems to be acted upon; (4) the determination of "root" cause; (5) the development and implementation of corrective action; and (6) the monitoring and evaluation of the corrective action.

The Food Stamp Program Operations Bureau will be contacting each county to discuss the development of corrective action on newly identified problems and previously identified problems for which corrective action has not yet been developed. For those problems previously identified for which corrective action has already been initiated or developed, no changes to those agreements will be required as a result of the implementation of this process.

If you have any questions regarding this matter, please contact your Food Stamp Program Operations Consultant at (916) 322-5475.

Sincerely,

KYLE S. MCKINSEY  
Deputy Director

Attachment

cc: CWDA

## California's Corrective Action Process

### A. Prioritization

In order to effect the maximum amount of improvement and best utilize available resources at both the state and county levels, corrective action efforts will be concentrated on those problems with the greatest impact. To this end, all problems relating to the Food Stamp Program identified by any source (Quality Control, federal audits, etc.) will be evaluated as to impact.

The priority of each problem will be based on the following criteria:

1. Its impact on the statewide and/or county-specific dollar error rate. Those major error concentrations as displayed on the Management Information System (MIS) which have the greatest impact on the dollar error rate will be considered major problems requiring corrective action.
2. Noncompliance with regulations affecting the delivery of benefits in terms of program accessibility and/or timeliness. Highest priority in this category will be given to those problems which prevent participation. In descending order of priority, other problems will be included if they result in wrongful denial or termination, delay of expedited services, delay of regular benefits or hindering participation. These problems will also be evaluated as to the percent of the Food Stamp population affected.
3. Adversely impacts the counties' ability to meet cost control targets in activity level, support and/or issuance.
4. The risk of program loss (not dollar error rate). For example, a problem may contribute to the incidence of fraud, duplicate issuances, or mail loss.
5. The number and size of the counties experiencing the deficiency. This criteria will apply only to statewide problems and will be quantified.
6. The cost of the effort needed to correct the problem compared to the expected benefit of the corrective action. Cost of efforts to correct the problem will be measured in terms of state and/or county staff and support resources required, and the amount of time necessary to correct the problem. The anticipated result of the corrective action may not justify devoting staff time to resolving the problem.
7. The potential for growth of the problem. Although the current impact of the problem may be low, if the problem shows a growing trend and the future impact could be significant, corrective action should be taken.

8. Noncompliance with general program requirements including reporting requirements. For example, failure to submit FNS 250 or FNS 209 reports timely.
9. The resolution of the problem can be tested in one or more counties. Some problems may not have a major impact but may appear in a number of counties. One or several counties could be chosen to test corrective actions which could then be applied in other counties.

State and county staff will be responsible for the prioritization of each problem. For the statewide CAP, management staff from the Food Stamp Program Management Branch will have this responsibility and will solicit recommendations from the County Welfare Directors Association's Food Stamp Sub-committee. For individual county CAPs, this shall consist of county management in consultation with appropriate members of the State Food Stamp Program Operations Bureau (FSPOB). The FSPOB must approve of the prioritization assigned to problems in a county CAP.

Factors discussed within the nine criteria above will be compared and weighted accordingly. The initial rating scale and recap sheet will be as follows:

# Corrective Action Rating Scale

<u>Description</u>	<u>Weight</u>
I. Major statewide error concentration representing	
A. At least 25 percent of the statewide dollar error rate	30
B. 10 to 24.9 percent of the statewide dollar error rate	19
C. 5 to 9.9 percent of the statewide dollar error rate	6
D. Remaining problems contributing to the statewide dollar error rate	0
II. Major error concentration representing	
A. At least 25 percent of the county-specific dollar error rate	30
B. 10 to 24.9 percent of the county-specific dollar error rate	19
C. 5 to 9.9 percent of the county-specific dollar error rate	6
D. Less than 5 percent of the county-specific dollar error rate	0
III. Problem prevents participation	19
IV. Problem exists in (Statewide CAP only)	
A. 50 percent or more counties	19
B. 30 percent to 50 percent of counties	12
C. Less than 30 percent of counties	4
V. Problem results in wrongful denial or termination in	
A. More than 25 percent of the cases	15
B. 10 to 24.9 percent of the cases	8
C. Less than 10 percent of the cases	5
VI. Problem results in delay of ES (failure to identify ES, schedule ES or failure to comply with ES regulations)	
A. More than 25 percent of ES cases	15
B. 10 percent to 24.9 percent of ES cases	8
C. Less than 10 percent of ES cases	5
VII. Problem results in inability to meet state cost control targets	13
VIII. Problem results in risk of program loss (not dollar error rate)	11

IX.	Problem results in delay of regular benefits to	
	A. More than 25 percent of cases	10
	B. 10 percent to 24.9 percent of cases	6
	C. Less than 10 percent of cases	3
X.	Problem hinders participation in	
	A. More than 25 percent of the cases	10
	B. 10 percent to 24.9 percent of the cases	4
	C. Less than 10 percent of the cases	1
XI.	Cost/benefit analysis justifies corrective action	10
XII.	Problem shows growing trend	8
XIII.	Noncompliance with general requirements	5
XIV.	Corrective action can be tested in the counties	3

State CAP \_\_\_\_\_ County CAP \_\_\_\_\_  
 CAP Item Number \_\_\_\_\_  
 Original Weight \_\_\_\_\_ Date \_\_\_\_\_  
 Revised Weight \_\_\_\_\_ Date \_\_\_\_\_

CAP ITEM PRIORITY DESCRIPTION

Brief Title: \_\_\_\_\_

<u>Description</u>	<u>Weight Assigned</u>
1. Major error concentration representing _____% of statewide dollar error rate	_____
2. Major error concentration representing _____% of county-specific dollar error rate	_____
3. Prevents participation in _____% of sampled cases	_____
4. Problem exists in _____% of counties (for state CAP only)	_____
5. Problem results in delay of ES in _____% of ES cases	_____
6. Problem results in wrongful denial/termination in _____% of sampled cases	_____
7. Problem results in inability to meet cost control targets	_____
8. Problem results in risk of program loss (not dollar error rate)	_____
9. Problem results in delay of regular benefits to _____% of cases	_____
10. Problem hinders participation in _____% of the cases	_____
11. Cost/benefit analysis justifies corrective action (attach analysis)	_____
12. Problem shows growing trend	_____
13. Noncompliance with general requirements	_____
14. Corrective action can be tested	_____
TOTAL WEIGHT	=====

NOTES:

The rating scale will be evaluated at least once each year to determine its adequacy.

B. Preliminary Determination of Cause

After each problem has been prioritized a preliminary determination of "cause(s)" shall be made. If the state is the cause of the problem, the problem will be included in the statewide CAP. If the county is the cause, the problem will be addressed in the CAP for that county. If the cause results from the federal level, it will not be addressed but the problem analysis will be forwarded to FNS, WRO for federal corrective action.

Beyond this point, the process for the statewide CAP and individual county CAPs will vary somewhat.

C. Statewide CAP - Availability of Resources

After identified problems have been prioritized and determined, based on cause, to be included in the statewide CAP, SDSS management will assess the availability of resources. Based on this assessment, SDSS will determine how many of the identified problems will be acted upon immediately. This "cut-off point" will then be subject to FNS approval. A detailed listing (including the priority assigned to each) of those problems falling below the cut-off point will be attached to the CAP for future reference, and reconsideration at the time of the next CAP review.

D. Statewide CAP - Determination of "Root" Cause

Resources will be assigned to each CAP item falling above the cut-off point to investigate the "root" cause of the problem. For example, the root cause may be conflicting or unclear state regulations or a state-mandated form which does not accurately reflect current regulatory requirements.

E. Statewide CAP - Corrective Action

If the state eliminates a deficiency within 60 days of identification, no formal corrective action for the problem will be required. However, a description of the deficiency and how it was resolved will be kept on record in the FSPMB.

The Systems Bureau of the Food Stamp Program Management Branch (FSPMB) will have the lead responsibility for the development and monitoring of the statewide CAP. Other bureaus within the branch will provide support as necessary.

Items in the CAP will be described using the following format:

CAP Item Number _____	Original Inclusion Date _____
Brief Title _____	Original Priority Weight _____
	Revision Date _____
	Revised Weight _____

I. Problem Statement

II. Detailed Description:

- A. Source(s) through which identified:
- B. Magnitude (% of caseload affected):
- C. Geographic extent of problem (% of district offices/counties affected):
- D. Date identified

III. Problem Analysis/Causal - Factors

IV. Priority Assignment (attach rating sheet):

V. Corrective Action Plan                      Date completed or to be completed/  
responsible unit

- A. Action already taken:
- B. Action steps to be taken:

- 1)
- 2)
- 3)

VI. Monitoring Plan

- A. Describe what methods will be used to assess whether corrective action target dates are being met; give target dates for completion
- B. Justification for revised target dates:

VII. Evaluation

- A. Describe how the effectiveness of implemented action will be measured
- B. Justification for revision of corrective action

The CAP will then be submitted to FNS for approval.

F. Statewide CAP - Monitoring and Evaluation

The state will provide a status report on each statewide CAP item to FNS on a quarterly basis. This report will include a description of any steps completed, problems encountered, monitoring completed, effectiveness evaluations completed and any requests for revisions to the corrective action plan. Requests for closure of individual CAP items will be made on a flow basis. This status report will be submitted on the following form:



CORRECTIVE ACTION STATUS REPORT

- I. State CAP \_\_\_\_\_ County CAP \_\_\_\_\_ County \_\_\_\_\_
- II. CAP Item Number \_\_\_\_\_ Date \_\_\_\_\_
- III. Short Title of CAP Item \_\_\_\_\_
- IV. Status. (Check where appropriate)
- A. No change in status
  - B. Steps completed
  - C. Problems encountered in implementation
  - D. Monitoring completed
  - E. Evaluation completed
  - F. Revision requested
- V. If any item except A is checked in IV above, describe in detail and attach any related documentation (e.g., copy of newly published state/county procedures).

VI. Disposition (State/Federal Use Only)

Approve \_\_\_\_\_ Date \_\_\_\_\_

Monitor \_\_\_\_\_ Date \_\_\_\_\_

Deny \_\_\_\_\_ Date \_\_\_\_\_

Conference Scheduled \_\_\_\_\_ Date \_\_\_\_\_

The statewide CAP will be reviewed at least once every six months and more often if necessary (i.e., if any new data indicates additional problems). This review will include an analysis of any new problems identified, the prioritization of any new problems, the reevaluation of priority assigned to problems falling below the cut-off point of the existing CAP, and the possible inclusion of new items into the CAP. In addition, any approved changes in corrective action will be incorporated at this time.

Upon completion of the corrective action for a particular CAP item an analysis of the effectiveness of the action will be completed. This information will be transmitted to FNS with a request for closure of the item as appropriate. If significant new problems are identified which impact ongoing corrective action, the state will notify FNS of revised target dates and/or suspended corrective actions.

G. County CAPs - Availability of Resources

County CAPs will be developed within 60 days after the identification of problems requiring corrective action. Counties which eliminate a deficiency within 60 days need not develop a CAP for that problem. However, a description of the deficiency and how it was resolved will be filed in the county for future reference.

After prioritization of problems, county management in consultation with FSPOB will be responsible for determining the cut-off point for items to be acted upon immediately. This determination will be based on the availability of resources. At a minimum, significant dollar error rate and equity problems would have to be addressed. A list of items falling below the cut-off point will be attached to the CAP for future reference, and will be reconsidered at the time of the next CAP review.

H. County CAPs - Determining "Root" Cause

Quality Control (QC) data will yield the statewide dollar error rate and, through the use of an expanded sample, county-specific error rates for each of the 16 largest counties. This information as well as state QC results for the remaining 42 counties will be displayed on the Food Stamp MIS. Portions of the FSMIS will be provided to each county at the end of each QC sample period.

QC data together with identified equity problems will be used as the basis on which to target ME reviews in the 16 largest counties. For these counties, if a ME review is scheduled to begin in a county within six months of the final QC report, no formal corrective action on problems identified by QC would be required for that county until the final ME report is received.

For those of the 16 largest counties that are not scheduled for a ME review within six months of the final QC report, corrective action based on QC error trends will be required. The FSPOB will work closely with the counties to identify the causes of the error trend within the 60 days

following receipt of the QC report. Once cause is established, development of the CAP would begin. If an extensive staff commitment would be required to identify cause, then corrective action will be delayed until the next scheduled ME review. If a CAP is already in place as a result of a prior ME review, no revised plan will be required unless the data represents a significant change. If the data represents a significant change and/or was designated for the evaluation of prior corrective actions; then corrective action in response to the new data would be required.

It should be noted that all counties will be encouraged to take whatever corrective action they deem appropriate in response to QC data regardless of state involvement.

Error rate data collected on the 42 medium, small and very small counties reflects neither a valid county-specific error rate nor county-specific error trends. Although these counties do not impact the statewide dollar error rate to the extent of the 16 largest counties, program errors in these smaller counties will not be ignored.

The counties and FSPOB will review the semiannual QC reports to identify any trends in error categories for each of the 42 medium, small and very small counties. If trends are identified, the county and FSPOB will determine cause and the county will develop corrective action. If no trends are identified, the counties will simply correct individual cases with no CAP.

#### I. County CAPs - Corrective Action

Each county will be responsible for developing and writing its own CAP. The FSPOB will provide consultation and assistance as necessary. In addition, the county must submit its CAP to FSPOB for approval. Each CAP item will be addressed in the same format used for statewide CAP items.

#### J. County CAPs - Monitoring and Evaluation

Counties will be required to submit a quarterly status report on each CAP item above the cut-off point. Report dates will be assigned upon approval of the county's CAP. These status reports will be in the same format as used in conjunction with the statewide CAP.

The FSPOB will have the responsibility for monitoring county CAPs. CAP items will be monitored routinely, with special attention to problems where the county fails to submit a status report on the item, if the status report on the item is unclear or lacks adequate documentation on the completion of corrective action, or where problems have developed in the implementation of the action. Evaluation of error rate corrective action will be through QC data or subsequent ME reviews.

County CAPs will be reviewed at least once every six months by the county and more often if necessary. This review will include an analysis of any new problems identified, the prioritization of any new problems, the reevaluation of the priority assigned to problems falling below the cut-off point of the existing CAP, and the possible inclusion of new items into the CAP. In addition, any approved changes in corrective action will be incorporated at this time.

Upon completion of the corrective action for a particular CAP item an evaluation of the effectiveness of the action will be completed. The county will then submit this information to FSPOB with a request for closure of the item. FSPOB will analyze the effectiveness of the action and approve or deny the request for closure. If the problem was identified through a federal audit, FSPOB will forward the request for closure to FNS and notify the county of FNS's decision.